



42 YEARS  
IN THE MAKING



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## COMPANY INFORMATION

### Board of Directors

Mr. Ebrahim Qassim	Chairman
Mr. M. Haroon Qassim	Chief Executive
Mr. Vali Muhammad A. Habib	Director
Mr. Pir Muhammad	Director
Mrs. Saadia Butt Naveed	Director
Mr. Syed Imran Chishti	Director
Mr. Muhammad Salman Qassim	Director

### Audit Committee

Mr. Pir Muhammad	Chairman
Mr. Vali Muhammad A. Habib	Member
Mr. Syed Imran Chishti	Member

### Human Resource & Remuneration Committee

Mr. Vali Muhammad A. Habib	Chairman
Mr. M. Haroon Qassim	Member
Mr. Syed Imran Chishti	Member

### Company Secretary & CFO

Mr. M. Zaid Kaliya

### Head of Internal Audit

Mr. M. Shakeel Dhanani

### Legal Advisors

M/s. Lubna Pervez & Associates

### External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Internal Auditors

A.F. Ferguson & Co.  
Chartered Accountants

### Bankers

Meezan Bank Limited  
Bank Al-Habib Limited - Islamic Banking  
Habib Metropolitan Bank Limited - Islamic Banking  
Habib Metropolitan Bank Limited

### Registrar & Share Registration Office

Central Depository Company of Pakistan  
CDC House,  
Shahrah-e-Faisal,  
Karachi.

### Registered Office

37-G, Block 6,  
P.E.C.H.S.,  
Karachi.

### Factory

Plot No. 368/4 & 5  
Landhi Industrial Area  
Baldia Road,  
Karachi.

### Email & URL

mail@shield.com.pk  
www.shield.com.pk



## DIRECTORS' REVIEW

On behalf of the Board of Directors, it is our pleasure to present the un-audited financial statements for the half year ended December 31, 2017.

	<b>December, 2017 (Rupees)</b>	<b>December, 2016 (Rupees)</b>
<b>Financial Summary</b>		
Sales	802,267,852	729,137,912
Profit for the period	22,028,761	31,749,138
Un-appropriated profit brought forward	248,810,363	222,151,550
Profit available for appropriation	251,339,124	234,400,688
Earnings per share	5.65	8.14

Sales for the half year recorded an increase of 10.03% over the same period last year, from Rs. 729 million to Rs. 802 million. Selling and distribution expenses increased by Rs. 53 million; Finance cost of the Company increased by Rs. 4 million as assets procured by the company was financed by Diminishing Musharakah. As a result, Earnings per share stood at Rs. 5.65 per share as compared to Rs. 8.14 per share of last year.

New tagline of Baby care product 'Language of motherhood' (Mamta ki Zaban) is launched. In baby care, we have improved packaging of products to give a contemporary look. New sales initiatives were also taken including Online sales and Door to door sales. Your management is doing its best to achieve current year targets and sustainable growth in sales by execution of aggressive and focused advertisement and promotion plans in next quarter.

The Board of Directors would like to express their gratitude to all employees for their committed efforts, loyalty and dedications.

On behalf of the Board



M. Haroon Qassim  
Chief Executive



Vali Muhammad A. Habib  
Director

Karachi: February 23, 2018

## ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2017 کو ختم ہونے والی ششماہی مدت کے غیر آڈٹ شدہ اکاؤنٹس کی تفصیلات پیش کر رہے ہیں۔

دسمبر 2016 (روپے)	دسمبر 2017 (روپے)	سرمائے کا خلاصہ
729,137,912	802,267,852	سیلز
31,749,138	22,028,761	ششماہی منافع
222,151,550	248,810,363	سابقہ غیر استعمال شدہ منافع
234,400,688	251,339,124	استعمال کے لیے دستیاب منافع
8.14	5.65	فی شیئر بنیادی آمدنی

گذشتہ سال کی پہلی ششماہی کے مقابلے میں موجودہ سال کی پہلی ششماہی کی سیلز میں %10.03 کا اضافہ ریکارڈ کیا گیا جو 729 ملین روپے سے بڑھ کر 802 ملین روپے ہو گئی۔ موجودہ سال کی پہلی ششماہی میں کمپنی کے فروخت اور تقسیم کے اخراجات میں 53 ملین روپے کا اضافہ ہوا۔ مالی اخراجات میں 4 ملین روپے تک کا اضافہ ہوا جس کی وجہ کمپنی کی جانب سے شرکت متناقصہ کے ذریعے اٹائے کی خریداری ہے۔ جس کے نتیجے میں فی شیئر آمدنی گذشتہ سال کی 8.14 روپے سے کم ہو کر اس سال 5.65 روپے ہو گئی ہے۔

بے بی کیٹر مصنوعات کی نئی ٹیگ لائن 'ممتا کی زبان' متعارف کرائی گئی ہے۔ بے بی کیٹر مصنوعات کو نیا انداز دینے کیلئے پیکیجنگ کو بہتر کیا گیا ہے۔ جو کہ عصر حاضر کے معیار کے مطابق ہے۔ سیلز میں اضافے کیلئے نئے اقدامات کئے گئے ہیں جن میں آن لائن سیلز اور ڈور ٹو ڈور سیلز شامل ہیں۔

آپ کی بیجمنٹ موجودہ سال کے اہداف کے حصول اور سیلز میں پائیدار اور مستقل اضافے کے لیے اپنی بہترین کوششیں کر رہی ہے، جس کے لیے اگلی سہ ماہیوں میں تشہیر اور پروموشنز کے منظم منصوبوں پر جارحانہ انداز میں عمل درآمد کیا جائے گا۔

بورڈ آف ڈائریکٹرز تمام ملازمین کی پر عزم کوششوں، وفاداری اور لگن پر تہ دل سے شکر گزار ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

ولی محمد اے حبیب  
ڈائریکٹر

ایم ہارون قاسم  
چیف ایگزیکٹو

کراچی: 23 فروری 2018



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
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Karachi, 75530 Pakistan

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## **Report on Review of Condensed Interim Financial Information to the Members**

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Shield Corporation Limited** ("the Company") as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

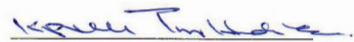
### *Other matters*

The figures of the condensed interim financial information for the quarter ended 31 December 2017, have not been reviewed and we do not express a conclusion on them.

The financial statements of the Company for the six months period ended 31 December 2016 and for the year ended 30 June 2017 were reviewed and audited by another firm of Chartered Accountants who through their reports dated 23 February 2017 and 29 September 2017, expressed an unqualified conclusion and opinion thereon.

**Date: 23 February 2018**


**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**  
**Muhammed Nadeem**


**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2017**

		Unaudited 31 December 2017	Audited 30 June 2017
	Note		(Rupees)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	422,202,108	444,273,154
Intangible assets - software		50,000	66,667
Long term deposits		4,701,390	4,522,500
Long term loans and advances		-	96,645
		<u>426,953,498</u>	<u>448,958,966</u>
<b>Current assets</b>			
Stores and spares		16,707,963	17,631,931
Stock-in-trade	7	339,058,072	269,903,709
Trade debtors - unsecured, considered good	8	29,899,916	15,977,758
Loans and advances		14,295,978	19,595,723
Deposits and short term prepayments	9	30,906,378	1,396,874
Taxation		46,371,376	56,548,899
Cash and bank balances	10	929,915	1,088,705
		<u>478,169,598</u>	<u>382,143,599</u>
<b>Total Assets</b>		<u><u>905,123,096</u></u>	<u><u>831,102,565</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised Capital			
15,000,000 ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed & paid-up capital			
3,900,000 ordinary shares of Rs. 10/- each		39,000,000	39,000,000
Capital reserve		10,000,000	10,000,000
Revenue reserves		<u>306,339,124</u>	<u>303,810,363</u>
		355,339,124	352,810,363
<b>Non-current liabilities</b>			
Deferred taxation		32,519,470	27,432,379
Deferred liability - staff gratuity	11	-	54,330,870
Long term financing - secured	12	<u>66,000,000</u>	<u>77,000,000</u>
		98,519,470	158,763,249
<b>Current liabilities</b>			
Trade and other payables	13	<u>178,774,665</u>	<u>108,289,727</u>
Accrued mark-up		2,530,080	1,736,227
Current portion of long term financing	12	22,000,000	23,640,246
Short term bank finances - secured	14	238,425,445	146,939,698
Provision for taxation		<u>9,534,312</u>	<u>38,923,055</u>
		451,264,502	319,528,953
<b>Contingencies and commitments</b>	15	-	-
<b>Total equity and liabilities</b>		<u><u>905,123,096</u></u>	<u><u>831,102,565</u></u>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
M. Haroon Qassim  
Chief Executive


  
Vali Muhammad A. Habib  
Director

  
M. Zaid Kaliya  
Chief Financial Officer


**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)  
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2017**

	Note	Six months period ended		Three months period ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
----- (Rupees) -----					
Sales - net	16	802,267,852	729,137,912	449,131,692	406,323,451
Cost of sales		(501,765,116)	(488,293,735)	(272,386,523)	(273,393,073)
Gross profit		300,502,736	240,844,177	176,745,169	132,930,378
Selling and distribution expenses		(213,080,810)	(159,771,589)	(127,321,663)	(94,746,117)
Administrative and general expenses		(35,749,759)	(28,507,952)	(18,318,953)	(14,795,213)
Other operating expenses		(11,643,709)	(4,668,303)	(10,357,585)	(2,677,570)
		(260,474,278)	(192,947,844)	(155,998,201)	(112,218,900)
		40,028,458	47,896,333	20,746,968	20,711,478
Other operating income		1,013,196	926,731	584,155	475,030
Operating profit before finance costs		41,041,654	48,823,064	21,331,123	21,186,508
Finance costs	17	(8,518,363)	(3,830,969)	(4,498,735)	(1,934,986)
Profit before taxation		32,523,291	44,992,095	16,832,388	19,251,522
Taxation	18	(10,494,530)	(13,242,957)	(2,789,844)	(2,766,472)
Profit for the period		22,028,761	31,749,138	14,042,544	16,485,050
<b>Earning per share - basic and diluted</b>	19	5.65	8.14	3.60	4.23

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
M. Haroon Qassim  
Chief Executive


  
Vali Muhammad A. Habib  
Director

  
M. Zaid Kaliya  
Chief Financial Officer


**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)  
FOR THE SIX AND THREE MONTHS PERIOD ENDED DECEMBER 31, 2017**

	<b>Six months period ended</b>		<b>Three months period ended</b>	
	<b>31 December 2017</b>	<b>31 December 2016</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
	(Rupees)			
Profit for the period	22,028,761	31,749,138	14,042,544	16,485,050
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	22,028,761	31,749,138	14,042,544	16,485,050

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
M. Haroon Qassim  
Chief Executive


  
Vali Muhammad A. Habib  
Director

  
M. Zaid Kaliya  
Chief Financial Officer


**CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

	Note	31 December 2017	31 December 2016
----- (Rupees) -----			
<b>Cash flows from operating activities</b>			
Profit before taxation for the period		32,523,291	44,992,095
<b>Adjustments for:</b>			
Depreciation		22,799,088	18,912,201
Amortization		16,667	16,667
Loss on disposal of property, plant & equipment		9,065,733	997,327
Finance costs		8,518,363	3,830,969
		72,923,142	68,749,259
<b>Changes in:</b>			
Stores and spares		923,968	(1,641,635)
Stock -in -trade		(69,154,363)	(1,179,772)
Trade debtors		(13,922,158)	(8,794,576)
Loans and advances		5,299,745	(2,326,025)
Deposits and short term prepayments		(29,509,504)	(2,077,877)
Trade & other payables		55,895,074	57,367,051
Provisions and employee benefits - staff gratuity		(39,904,870)	(32,245)
Long term deposits		(178,890)	-
Long term loans and advances		96,645	106,103
Cash (used in) / generated from operating activities		(17,531,211)	110,170,283
Finance costs paid		(7,724,510)	(3,377,112)
Income tax paid		(24,618,659)	(16,596,183)
		(32,343,169)	(19,973,295)
<b>Net cash (used in) / generated from operating activities</b>		(49,874,380)	90,196,988
<b>Cash flow from investing activities</b>			
Fixed capital expenditure including capital work-in-progress		(11,831,609)	(139,193,152)
Intangibles		-	(100,000)
Sales proceeds from disposal of property, plant & equipment		2,037,834	83,820
Net cash (used in) investing activities		(9,793,775)	(139,209,332)
<b>Cash flows from financing activities</b>			
Dividend paid		(19,336,136)	(19,398,134)
Proceeds from long term financing - diminishing musharakah		-	110,000,000
Repayment of long term financing - diminishing musharakah		(12,640,246)	(9,881,636)
Net cash (used in) / generated from financing activities		(31,976,382)	80,720,230
Net (decrease) / increase in cash and cash equivalents		(91,644,537)	31,707,886
Cash and cash equivalents at beginning of the period		(145,850,993)	(146,325,203)
Cash and cash equivalents at end of the period	20	(237,495,530)	(114,617,317)

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
M. Haroon Qassim  
Chief Executive


  
Wali Muhammad A. Habib  
Director

  
M. Zaid Kaliya  
Chief Financial Officer


**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017**

	Issued, subscribed and paid-up capital	Capital Reserve Share Premium	Revenue Reserve		Total
			General	Unappropriated Profit	
(Rupees)					
<b>Balance as at June 30, 2016</b>	39,000,000	10,000,000	55,000,000	222,151,550	326,151,550
Dividend for the year June 30, 2016 - Final - @ Rs. 5 per share	-	-	-	(19,500,000)	(19,500,000)
Profit for the period	-	-	-	31,749,138	31,749,138
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	12,249,138	12,249,138
<b>Balance as at December 31, 2016</b>	<b>39,000,000</b>	<b>10,000,000</b>	<b>55,000,000</b>	<b>234,400,688</b>	<b>338,400,688</b>
<b>Balance as at June 30, 2017</b>	39,000,000	10,000,000	55,000,000	248,810,363	352,810,363
Dividend for the year June 30, 2017 - Final - @ Rs. 5 per share	-	-	-	(19,500,000)	(19,500,000)
Profit for the period	-	-	-	22,028,761	22,028,761
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,528,761	2,528,761
<b>Balance as at December 31, 2017</b>	<b>39,000,000</b>	<b>10,000,000</b>	<b>55,000,000</b>	<b>251,339,124</b>	<b>355,339,124</b>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
M. Haroon Qassim  
Chief Executive

  
Vali Muhammad A. Habib  
Director

  
M. Zaid Kaliya  
Chief Financial Officer



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Unaudited) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2017

### 1 THE COMPANY AND ITS OPERATIONS

Shield Corporation Limited (the Company) was incorporated in Pakistan on January 10, 1975 and is quoted on Pakistan Stock Exchange Limited in Pakistan. The registered office of the Company is situated at 37-G, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. The company is mainly engaged in the manufacturing, trading and sales of oral and baby care products.

### 2 BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the six months ended 31 December 2017 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 have been followed (refer note 4.2.2).

2.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should therefore be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2017. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

2.3 This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.

2.4 This condensed interim financial information is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017 or section 245 of the repealed Companies Ordinance, 1984.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are same as those applied in the preparation of annual financial statements of the Company as at and for the year ended 30 June 2017.

### 4 NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS OF IFRSs

#### 4.1 Amendments to published approved accounting standards that are effective in the current period

There are certain amendments to the approved accounting standards that are mandatory for the Company's annual accounting period beginning on 01 July 2017. However, these do not have any significant impact on the Company's operations and, therefore, have not been detailed in this condensed interim financial information.

#### 4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

4.2.1 During the current period the SECP has adopted IFRS 9: 'Financial Instruments' and IFRS 15: 'Revenue from Customers', which are applicable with effect from 01 July 2018. The management is currently assessing the impacts of these standards on the Company's future financial statements. There are certain other new standards, interpretations and amendments to the approved accounting standards that are mandatory for the Company's annual accounting periods beginning on or after 01 July 2018. The Company is currently in the process of analysing the potential impact of changes required in classification and measurement of financial instruments and the other impact on adoption of the Standards. However, these are not expected to have any significant impacts on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

4.2.2 The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Hence, the provision of the Companies Act, 2017 will be applicable for the preparation of financial statements for the reporting periods ending after 31 December 2017. The Companies Act, 2017 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. The amendments are not likely to have an impact on the Company's financial statements except extended disclosures.

## 5 USE OF ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2017.

	Note	Unaudited 31 December 2017	Audited 30 June 2017
(Rupees)			
<b>6 PROPERTY, PLANT &amp; EQUIPMENT</b>			
Operating fixed assets	6.1	419,103,885	443,510,654
Capital work in progress	6.2	3,098,223	762,500
		<u>422,202,108</u>	<u>444,273,154</u>

6.1 Following are the cost of operating fixed assets added and disposed off during the period ended:

	Unaudited 31 December 2017		Unaudited 31 December 2016	
	Addition (at cost)	Disposals (at net book value)	Addition (at cost)	Disposals (at net book value)
------(Rupees)-----				
Office Premises	-	-	128,401,700	-
Plant & machinery	8,048,612	10,983,560	7,178,034	947,283
Furniture & fixtures	-	-	37,000	-
Office equipments	1,317,274	103,410	1,286,936	36,854
Computer equipment	130,000	16,597	2,282,781	97,010
	<u>9,495,886</u>	<u>11,103,567</u>	<u>139,186,451</u>	<u>1,081,147</u>

### 6.2 Capital work in progress

Additions in Capital work-in-progress (net of transfers) during the period amounted to Rs. 2.335 million (2016: Rs. 0.007 million).

	Note	Unaudited 31 December 2017	Audited 30 June 2017
(Rupees)			
<b>7 STOCK-IN-TRADE</b>			
<b>Manufacturing:</b>			
Raw and packing materials			
- in hand		95,335,409	107,673,952
- in transit		15,207,041	46,216,568
Work-in-process		14,788,938	10,501,331
Finished goods	7.1	109,034,893	79,782,495
<b>Trading:</b>			
- in hand		104,691,791	19,905,660
- in transit		-	5,823,703
		<u>339,058,072</u>	<u>269,903,709</u>

7.1 This includes finished goods with cost of Rs. 6.22 million which are being carried at their net realizable value of Rs. 5.50 million.



		Unaudited 31 December 2017	Audited 30 June 2017
<b>8 TRADE DEBTORS - UNSECURED, CONSIDERED GOOD</b>	<b>Note</b>		<b>(Rupees)</b>
Trade debts include Rs. 4.89 million (30 June 2017: 3.39 million) due from related parties.			
<b>9 DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		588,914	1,077,937
Prepayments and other receivables	<b>9.1</b>	30,317,464	318,937
		<u>30,906,378</u>	<u>1,396,874</u>
<b>9.1</b>	Prepayments and other receivables include letter of credit margin amounting to Rs. 28.83 million (30 June 2017: Nil).		
<b>10 CASH AND BANK BALANCES</b>			
<b>Cash in hand</b>			
Local currency		181,612	286,314
Foreign currency		217,662	174,662
		<u>399,274</u>	<u>460,976</u>
<b>Cash at bank in:</b>			
<b>Current accounts</b>			
Local currency		468,597	427,622
Foreign currency		62,044	200,107
		<u>530,641</u>	<u>627,729</u>
		<u>929,915</u>	<u>1,088,705</u>
<b>11 DEFERRED LIABILITY - STAFF GRATUITY</b>			
The Company had a unfunded gratuity scheme for its management and non-management staff. During the period the scheme has been dissolved by the Board of Directors with effective date of 30 September 2017, and has been replaced with a performance based bonus scheme.			
<b>11.1 Movement in net liability recognized</b>			
Opening balance		54,330,870	47,525,531
Expense charge for the year		7,209,767	13,257,829
Remeasurement loss on obligation		-	3,556,760
		<u>61,540,637</u>	<u>64,340,120</u>
Benefits paid during the period / year		(47,114,637)	(10,009,250)
Transferred to current liabilities	<b>13</b>	(14,426,000)	-
		<u>(61,540,637)</u>	<u>(10,009,250)</u>
Closing balance		<u>-</u>	<u>54,330,870</u>
<b>12 LONG TERM FINANCING - SECURED</b>			
<b>Diminishing musharakah arrangements</b>			
	<b>Installment payable</b>	<b>Repayment period</b>	<b>Mark-up rate</b>
Bank Al-Habib Limited - Islamic banking	Quarterly	2017-21	0.50% above 6 months KIBOR
		<b>12.1</b>	
			88,000,000
Bank Al-Habib Limited - Islamic banking	Quarterly	2015-17	0.75% above 6 months KIBOR
			-
			<u>1,640,246</u>
			<u>88,000,000</u>
			<u>100,640,246</u>
<b>Less: Current portion shown under current liabilities</b>			
Bank Al-Habib Limited - Islamic banking		<b>12.1</b>	(22,000,000)
Bank Al-Habib Limited - Islamic banking			-
			<u>(1,640,246)</u>
			<u>(22,000,000)</u>
			<u>(23,640,246)</u>
			<u>66,000,000</u>
			<u>77,000,000</u>
<b>12.1</b>	Islamic finance under diminishing musharakah is secured by a mortgage of head office property (refer note 15.2.3).		



	Note	Unaudited 31 December 2017	Audited 30 June 2017
		(Rupees)	
<b>13 TRADE AND OTHER PAYABLES</b>			
Creditors		86,870,371	67,283,329
Accrued liabilities		64,227,904	29,731,397
Gratuity payable	<b>11.1</b>	14,426,000	-
Unclaimed dividend		894,821	730,957
Sales tax payable		8,583,798	4,288,975
Workers' welfare fund		663,741	1,687,687
Workers' profit participation fund		1,746,686	4,441,282
Others		1,361,344	126,100
		<u>178,774,665</u>	<u>108,289,727</u>
<b>14 SHORT TERM BANK FINANCES - SECURED</b>			
Murabaha finance	<b>14.1</b>	118,183,285	90,698,740
Running Musharakah	<b>14.2</b>	120,242,160	56,240,958
		<u>238,425,445</u>	<u>146,939,698</u>

**14.1** This represent murabaha finance obtained under profit arrangements and are secured against hypothecation of moveable fixed assets and hypothecation of current assets of the Company. Total facility is of Rs. 300 million (June 30, 2017: Rs. 220 million) at a profit rate ranging from relevant KIBOR + 0.20% to 0.75% (June 30, 2017: KIBOR + 0.20% to 0.75%) per annum.

**14.2** This represent running musharakah obtained under profit arrangements and are secured against hypothecation of moveable fixed assets of the Company. Total facility is of Rs. 150 million (June 30, 2017: Rs. 80 million) at a profit rate ranging from relevant KIBOR + 0.30% to 0.50% (June 30, 2017: KIBOR + 0.50%) per annum.

#### **15 CONTINGENCIES AND COMMITMENTS**

The status of contingencies as at 31 December 2017 is the same as reported in the annual financial statements for the year ended June 30, 2017, except for the following:

##### **15.1 Contingencies**

**15.1.1** The Company has filed a constitutional petition in Honorable High Court of Sindh against registration of FIR by tax authorities for alleged inadmissibility of input tax on the ground that the suppliers were not bonafide suppliers. The Honorable High Court of Sindh in its judgement has given detailed guideline to FBR determining the procedure to follow in this case. The matter is pending with Special Judge of Custom Court. The Company has deposited post dated cheques amounting to Rs. 9 million in favour of Custom Court as a security. The management based on entity's legal counsel is hopeful that the case will be decided in Company's favour and hence no provision has been made in this financial information.

**15.1.2** During the period, the Company has filed a constitutional petition in Honourable High Court of Sindh challenging the amendments in the Employees' Old-Age Benefits Act, 1976 enhancing the wage limits for the purpose of Contribution with retrospective effect against which the Honourable High Court of Sindh has issued Stay Order. Based on the Company's legal counsel view, the case will be decided in favour of the Company and hence no provision has been made in this financial information

##### **15.2 Commitments**

**15.2.1** The Company has letter of credit commitments for purchases amounting to Rs. 101.39 million (June 30, 2017: Rs. 54.75 million).

**15.2.2** The Company has letter of credit and other commitments for capital expenditures amounting to Rs. 23.44 million (June 30, 2017: Rs. 26.78 million).

**15.2.3** The Company has commitments in respect of rent of Diminishing Musharakah as follows:

	Unaudited 31 December 2017	Audited 30 June 2017
		(Rupees)
Not later than one year	5,309,845	6,073,392
Later than one year but not later than three years	7,146,362	9,626,163
	<u>12,456,207</u>	<u>15,699,555</u>





	Unaudited Six months period ended		Unaudited Three months period ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	------(Rupees)-----			
<b>16 SALES - NET</b>				
Sales - local	1,007,018,300	903,954,632	564,908,222	506,799,585
Sales tax	(147,353,949)	(132,695,574)	(82,629,218)	(74,341,812)
	859,664,351	771,259,058	482,279,004	432,457,773
Discount	(58,660,034)	(45,804,605)	(34,333,515)	(26,134,322)
	801,004,317	725,454,453	447,945,489	406,323,451
Sales - export	1,263,535	3,683,459	1,186,203	-
	802,267,852	729,137,912	449,131,692	406,323,451
<b>17 FINANCE COSTS</b>				
Mark-up / profit on short term bank finances	4,824,171	2,414,644	2,797,825	1,255,049
Interest on WPPF	235,768	256,032	1,205	-
Rent on diminishing musharakah	3,195,940	888,005	1,545,485	510,195
Guarantee commission	15,000	-	15,000	-
Bank charges	247,484	272,288	139,220	169,742
	8,518,363	3,830,969	4,498,735	1,934,986
<b>18 TAXATION</b>				
<b>18.1</b>	Net effect of minimum tax liability of Rs.3.85 million for the six months period ended December 31,2017 has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in near future.			
<b>18.2</b>	The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 30 June 2018 to comply with the requirements of Section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on accounting profit before tax has been recognized in these condensed interim financial information.			
<b>19 EARNINGS PER SHARE - BASIC AND DILUTED</b>				
Profit for the period	22,028,761	31,749,138	14,042,544	16,485,050
	----- (Number of shares) -----			
Weighted average number of ordinary shares in issue during the period	3,900,000	3,900,000	3,900,000	3,900,000
	----- (Rupees) -----			
Earnings per share - basic and diluted	5.65	8.14	3.60	4.23
			Unaudited Six months period ended	
			31 December 2017	31 December 2016
			(Rupees)	
<b>20 CASH AND CASH EQUIVALENTS</b>				
Cash and bank balances			929,915	1,454,179
Short term bank finances - secured			(238,425,445)	(116,071,496)
			(237,495,530)	(114,617,317)

## 21 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in annual financial statement of the Company as at and the year ended 30 June 2017.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The Company has not disclosed the fair values of its financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

## 22. SEGMENT REPORTING

### 22.1 Reportable segments

The Company's reportable segments are as follows:

- Oral care - It comprises of manufacturing and trading of tooth paste and tooth brush.
- Baby care - It comprises of manufacturing and trading of diapers, feeders, nipples, soother, teether and training cups.

Information regarding the Company's reportable segments presented below:

### 22.2 Segment revenues and results

Following is an analysis of the Company's revenue and results by reportable segment:

	Unaudited		
	Oral care	Baby care	Total
For the six months ended 31 December 2017	------(Rupees)-----		
Sales - net	110,420,070	691,847,782	802,267,852
Cost of sales	89,382,330	412,382,786	501,765,116
<b>Gross profit</b>	<b>21,037,740</b>	<b>279,464,996</b>	<b>300,502,736</b>
Selling and distribution expenses	33,923,001	179,157,809	213,080,810
Administrative expenses	5,691,452	30,058,307	35,749,759
Other operating expenses	1,853,708	9,790,001	11,643,709
	41,468,161	219,006,117	260,474,278
	(20,430,421)	60,458,879	40,028,458
Other operating income	161,303	851,893	1,013,196
<b>Operating profit / (loss) before finance costs</b>	<b>(20,269,118)</b>	<b>61,310,772</b>	<b>41,041,654</b>
Finance costs	1,356,145	7,162,218	8,518,363
<b>Profit / (loss) before taxation</b>	<b>(21,625,263)</b>	<b>54,148,554</b>	<b>32,523,291</b>
Taxation			10,494,530
<b>Profit for the period</b>			<b>22,028,761</b>

	Unaudited		
	Oral care	Baby care	Total
	----- (Rupees) -----		
<b>For the six months ended 31 December 2016</b>			
Sales - net	107,580,157	621,557,755	729,137,912
Cost of sales	84,987,507	403,306,228	488,293,735
<b>Gross profit</b>	<b>22,592,650</b>	<b>218,251,527</b>	<b>240,844,177</b>
Selling and distribution expenses	32,741,320	127,030,269	159,771,589
Administrative expenses	5,510,260	22,997,692	28,507,952
Other operating expenses	1,748,408	2,919,895	4,668,303
	39,999,988	152,947,856	192,947,844
	(17,407,338)	65,303,671	47,896,333
Other operating income	157,359	769,372	926,731
<b>Operating profit / (loss) before finance costs</b>	<b>(17,249,979)</b>	<b>66,073,043</b>	<b>48,823,064</b>
Finance costs	1,283,277	2,547,692	3,830,969
<b>Profit / (loss) before taxation</b>	<b>(18,533,256)</b>	<b>63,525,351</b>	<b>44,992,095</b>
Taxation			13,242,957
<b>Profit for the period</b>			<b>31,749,138</b>

**22.2.1** Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the period (2016: Rs. Nil).

**22.2.2** The accounting policies of the reportable segments are the same as the Company's accounting policies as described in the annual financial statements of the Company for the preceding year ended 30 June 2017.

### **22.3 Segment assets and liabilities**

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Oral care	Baby care	Total
	----- (Rupees) -----		
<b>As at 31 December 2017 - (Unaudited)</b>			
Segment stock-in-trade for reportable segments	<b>75,477,136</b>	<b>263,580,936</b>	<b>339,058,072</b>
<b>As at 30 June 2017 - (Audited)</b>			
Segment stock-in-trade for reportable segments	73,769,468	196,134,241	269,903,709

All assets and liabilities except for the items stated above in note 22.3 are not allocated to the reporting segments as they are jointly related to all the reporting segments for which as such no discrete financial information is available.

## 23 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, key management personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Other significant transactions with related parties are as follows:

### 23.1 Transactions during the period:

Relationship	Nature of transactions	31 December	31 December
		2017	2016
		(Rupees)	
Associated undertaking	Sale of goods - Premier Agencies	787,048,080	727,614,626
Staff retirement funds	Contribution to employees provident fund	3,128,067	2,027,031
Associated undertaking	Sale of goods - Memon Medical Institute	220,857	6,011
Key management personnel	Remuneration and benefits	14,930,106	12,071,927

## 24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on February 23, 2018.



M. Haroon Qassim  
Chief Executive



Vali Muhammad A. Habib  
Director



M. Zaid Kaliya  
Chief Financial Officer



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